



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, ROOM 525  
LOS ANGELES, CALIFORNIA 90012-3873  
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE  
AUDITOR-CONTROLLER

MARIA M. OMS  
CHIEF DEPUTY

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS  
JOHN NAIMO  
JUDI E. THOMAS

July 28, 2009

TO: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

FROM:

Wendy L. Watanabe  
Auditor-Controller

SUBJECT: **ANTELOPE VALLEY WORKFORCE DEVELOPMENT CONSORTIUM  
CONTRACT REVIEW – A COMMUNITY AND SENIOR SERVICES  
WORKFORCE INVESTMENT ACT PROGRAM PROVIDER – FISCAL  
YEAR 2008-09**

We completed a program, fiscal and administrative contract compliance review of Antelope Valley Workforce Development Consortium (Antelope or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) Program provider.

**Background**

CSS contracts with Antelope, a private non-profit community-based organization, to provide and operate the WIA Adult and Dislocated Worker Programs. The Programs assist individuals in obtaining employment, retaining their jobs and increasing their earnings. Antelope's offices are located in the Fifth District and they contract with Jewish Vocational Services (JVS) to administer the Agency's fiscal operations.

Antelope is compensated on a cost reimbursement basis and had a contract for \$575,558 for Fiscal Year (FY) 2008-09.

**Purpose/Methodology**

The purpose of our review was to determine whether Antelope complied with its contract terms and appropriately accounted for and spent WIA funds in providing the

services outlined in their County contract. We interviewed Agency staff and evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines.

### **Results of Review**

Antelope billed CSS \$60,213 in questioned costs. Specifically, Antelope did not maintain adequate documentation to support the subcontractors' expenditures as required by the County contract. In addition, Antelope did not always comply with WIA and County contract requirements. For example:

- Antelope's FY 2007-08 general ledgers did not include all the expenditures for the WIA Adult and Dislocated Worker Programs.
- Antelope did not meet one (25%) of four FY 2008-09 second quarter planned performance outcomes outlined in the County contract for the WIA Dislocated Worker Program.
- Antelope did not obtain criminal record clearances for the seven (100%) employees assigned to the WIA Programs.

Subsequent to our review, JVS, Antelope's subcontractor, provided additional documentation to support the \$60,213 in questioned costs.

Details of our review, along with recommendations for corrective action, are attached.

### **Review of Report**

We discussed our report with Antelope on May 6, 2009. In their attached response, Antelope provided additional support indicating that they met all their FY 2008-09 second quarter planned performance outcomes. However, at the time of our review, Antelope had not met all FY 2008-09 second quarter planned performance outcomes. CSS will work with Antelope to resolve the discrepancy.

In their attached response, Antelope also indicated that they are not required to obtain criminal record clearances for all employees assigned to the WIA Programs. According to a letter submitted to CSS, the Employment Development Department (EDD) does not require a Background Screening Policy for their Employment Program Representatives. However, Section 27.0 of the County contract requires contractors to ascertain arrest and conviction records for all current and prospective employees, independent contractors, volunteers or subcontractors who may come in contact with people served under this contract. CSS concurs that the Agency needs to obtain criminal clearances for staff assigned to the WIA Program.

Due to the confidential nature of some of the documentation the Agency provided, we did not include them in our report. However, we reviewed the documentation provided and in instances where the Agency provided adequate supporting documentation, we adjusted our report accordingly.

We thank Antelope for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:JET:DC:EB

Attachment

c: William T Fujioka, Chief Executive Officer  
Cynthia D. Banks, Director, Department of Community and Senior Services  
Shirley Kemp, Executive Director, Antelope Valley Workforce Development Consortium  
Frank C. Roberts, Chairperson, Antelope Valley Workforce Development Consortium  
Vivian Seigel, Chief Executive Officer, Jewish Vocational Service  
Public Information Office  
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM  
ANTELOPE VALLEY WORKFORCE DEVELOPMENT CONSORTIUM  
FISCAL YEAR 2008-09**

**ELIGIBILITY**

**Objective**

Determine whether Antelope Valley Workforce Development Consortium (Antelope or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

**Verification**

We reviewed the case files for 20 (23%) (10 adults and 10 dislocated workers) of the 86 participants that received services from July 2008 through February 2009 for documentation to confirm their eligibility for WIA services.

**Results**

Antelope maintained appropriate documentation to support the eligibility of the 20 participants sampled.

**Recommendation**

None.

**BILLED SERVICES/CLIENT VERIFICATION**

**Objective**

Determine whether Antelope provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

**Verification**

We reviewed the documentation contained in the case files for 20 (23%) participants that received services from July 2008 through February 2009.

**Results**

Antelope provided the services in accordance with the County contract and WIA guidelines.

**Recommendation**

**None.**

**PERFORMANCE OUTCOME REVIEW****Objective**

Determine whether Antelope met the planned performance outcomes as outlined in the County contract. The performance outcomes included measuring the number of participants that enrolled in the program, exited the program, completed training and/or gained employment.

**Verification**

We compared the reported Fiscal Year (FY) 2008-09 actual performance outcomes for the second quarter to the planned performance measures outlined in the FY 2008-09 County contract.

**Results**

Antelope met all the FY 2008-09 second quarter planned performance outcomes for the WIA Adult Program. However, Antelope did not meet one (25%) of the four FY 2008-09 second quarter planned performance outcomes for the WIA Dislocated Worker Program. Specifically, Antelope planned to exit six and place five WIA Dislocated Worker participants into employment by December 31, 2008. However, the Agency exited two (33%) and placed one (20%) WIA Dislocated Worker participant into employment as of December 31, 2008. A similar finding was also noted during the prior year's monitoring review.

**Recommendation**

1. **Antelope management ensure that planned performance outcomes are met.**

**CASH/REVENUE****Objective**

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

**Verification**

We interviewed Agency personnel and reviewed financial records. We also reviewed Antelope's bank activity for October, November and December 2008.

**Results**

Antelope subcontracted the fiscal duties to Jewish Vocational Services (JVS). JVS maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

**Recommendation**

**None.**

**EXPENDITURES/PROCUREMENT****Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

**Verification**

We interviewed Agency personnel, reviewed financial records and reviewed documentation to support 15 non-payroll expenditure transactions billed by Antelope for July and December 2008, totaling \$64,961.

**Results**

JVS billed Community and Senior Services (CSS) \$60,213 in unsupported expenditures. Specifically, JVS did not maintain adequate documentation, such as general ledgers and cancelled checks, to support the subcontractors' expenditures as required by Part A, Sections 2.4 and 3.2 of the Auditor-Controller Contract Accounting and Administration Handbook.

Subsequent to our review, JVS provided additional documentation to support the \$60,213 in questioned costs.

**Recommendation**

- 2. Antelope management maintain adequate documentation to support the program expenditures.**

**ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE****Objective**

Determine whether the Agency maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

**Verification**

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

**Results**

Antelope did not always comply with WIA and County contract requirements. Specifically:

- Antelope did not adequately monitor its subcontractors. For example, Antelope did not verify that expenditures were adequately supported and criminal record clearances were obtained.
- Antelope's procurement policy and procedures manual did not require that a price analysis be performed for all purchases or require a minimum of three documented price quotes for purchases over \$1,000 as required by WIA Directive D-DWA-00-037.

Subsequent to our review, Antelope revised their procurement policy and procedures manual to comply with WIA guidelines.

**Recommendations****Antelope management:**

3. Ensure that the subcontractors are adequately monitored.
4. Distribute the Agency's revised procurement policy to staff and ensure compliance.

**FIXED ASSETS AND EQUIPMENT****Objective**

Determine whether Antelope's fixed assets and equipment purchases made with WIA funds are used for the WIA programs and are safeguarded.

**Verification**

We interviewed Agency personnel and reviewed the Agency's fixed assets and equipment inventory listing. In addition, we performed an inventory and reviewed the usage of 12 items purchased with WIA funds, totaling \$16,321.

**Results**

Antelope used the equipment purchased with WIA funds for the WIA programs and the assets were safeguarded.

**Recommendation**

None.

**PAYROLL AND PERSONNEL****Objective**

Determine whether payroll expenditures were appropriately charged to the WIA programs. In addition, determine whether the Agency obtained criminal record clearances, verified employability, and maintained current driver's licenses and proof of automobile insurances for the employees assigned to the WIA programs.

**Verification**

We interviewed two employees assigned to the WIA programs. However, we did not perform payroll expenditure testwork or review the employees' personnel files as Antelope did not directly bill CSS payroll expenditures for the period July 1, 2008 through December 31, 2008.

**Results**

Antelope appropriately charged payroll expenditures to the WIA Program. However, Antelope did not obtain criminal record clearances for the seven (100%) employees assigned to the WIA programs as required by Section 27.4 of the County contract. According to Antelope management, a criminal record clearance is not required for their employees.

**Recommendation**

5. **Antelope management obtain a criminal record clearance for all employees.**



**COST ALLOCATION PLAN****Objective**

Determine whether Antelope's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the Plan to appropriately allocate shared program expenditures.

**Verification**

We reviewed the Cost Allocation Plan and a sample of expenditures incurred by the Agency in July and December 2008 to ensure that the expenditures were properly allocated to the Agency's programs.

**Results**

Antelope's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

**Recommendation**

None.

**CLOSE-OUT REVIEW****Objective**

Determine whether the Agency's FY 2007-08 final close-out invoices for the WIA Adult and Dislocated Worker programs reconciled to the Agency's financial accounting records.

**Verification**

We reconciled Antelope's program expenditures reported in their accounting records to the program expenditures reported on the Agency's final close-out invoice for FY 2007-08. We also reviewed a sample of expenditures incurred in April, May and June 2008.

**Results**

Antelope's accounting records for the WIA Adult and Dislocated Worker Programs did not support the Agency's expenditures on their close-out invoice. Specifically, Antelope's subcontractors' expenditures were not recorded in Antelope's general ledgers.

Subsequent to our review, JVS indicated that they will ensure that all accounting transactions are recorded in Antelope's general ledgers to support the expenditures.

**Recommendation**

6. **Antelope management ensure that JVS properly records all accounting transactions on the Agency's general ledgers to support the expenditures.**



May 22, 2009

Antelope Valley  
Workforce Development  
Consortium

Members:

Frank C. Roberts  
Chairman

Michael Dolphin  
Employment Development Dept.  
Los Angeles Job Service Division

Jackie L. Fisher Sr.  
Antelope Valley College

David Viorra  
Antelope Valley Union High  
School District

Mel Layno  
Greater Antelope Valley  
Economic Alliance

Billie Jenkins  
County of Los Angeles  
Dept. of Public Social Services

Wendy L. Watanabe, Auditor-Controller  
Department of Auditor-Controller  
Countywide Contract Monitoring Division  
Attention: Yoon Bae  
350 S. Figueroa Street, 8<sup>th</sup> Floor  
Los Angeles, CA 90071

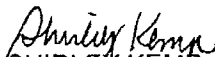
Dear Ms. Watanabe:

This letter is in response to your FY 2008-09 WIA Adult and  
Dislocated Programs Monitoring Review for Antelope Valley.

Enclosed is the corrective action plan for the findings noted in your  
audit report.

If you have any questions, please contact me at (661) 945-5037.

Sincerely,

  
SHIRLEY KEMP, Executive Director  
Antelope Valley Workforce Development Consortium

Enclosures

1420 West Avenue I  
Lancaster, CA 93534  
(661) 726-4128

**WORKFORCE INVESTMENT ACT PROGRAM  
ANTELOPE VALLEY WORKFORCE DEVELOPMENT CONSORTIUM  
FISCAL YEAR 2008-09**

**PERFORMANCE OUTCOME REVIEW**

**Recommendation**

Antelope Valley management ensures that planned performance outcomes are met.

**Resolution**

Refer to the attached JTA report. Dislocated Worker Workforce Investment Act Status Roster for the 7/01/2008 to 12/31/2008 period. The report reflects seven participants were exited in December 2008 and all seven were placed.

**EXPENDITURES/PROCUREMENT**

**Recommendations**

Ensure that JVS provides the required supporting documentation or repay CSS \$36,280 (\$60,213 - \$23,933).

*Maintain adequate documentation to support the program expenditures.*

**Resolution**

Refer to the attached cancelled checks; a letter submitted by the City of Santa Clarita (subcontractor) certifying receipt of check #20026, which replaced a lost check; and financial reports showing revenues reported by CPC/JVS.

**ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE**

**Recommendations**

Ensure that the subcontractors are adequately monitored.

Distribute the Agency's revised procurement policy to staff and ensure compliance.

**Resolution**

Refer to the attached letter from the Employment Development Department addressed to Ms. Jackie Sakane, Los Angeles County CSS Compliance Division Program Manager. The Employment Development Department does not require a Background Screening Policy for their Employment Program Representatives, which is the classification of employees providing WIA services for the Antelope Valley WS Center.

The agency's revised procurement policy was disseminated to the appropriate staff during the week of April 20, 2009.

**Payroll and Personnel**

**Recommendation**

Antelope management obtains criminal record clearance for all employees.

**Resolution**

Refer to the attached letter from the Employment Development Department addressed to Ms. Jackie Sakane, Los Angeles County CSS Compliance Division Program Manager. The Employment Development Department does not require a Background Screening Policy for their Employment Program Representatives, which is the State's classification for employees that provide WIA services to the customers of the Antelope Valley WS Center.

**Close-out Review**

**Recommendation**

Antelope management ensures that JVS properly records all accounting transactions on the Agency's general ledgers to support the expenditures.

**Resolution**

JVS has agreed to record pass through expenditures in a separate program commencing with the 2009/2010 program year.

California Labor and Workforce Development Agency



Patrick W. Henning, Director



Arnold Schwarzenegger  
Governor

May 20, 2009

Ms. Jackie Sakane, Program Manager  
Compliance Division  
County of Los Angeles  
Department of Community and Senior Services  
3175 West Sixth Street  
Los Angeles, CA 90020

Dear Ms. Sakane:

This is in response to the exit conference held on May 6, 2009 regarding the FY 2008-09 WIA Program Monitoring Review for Antelope Valley.

The Employment Development Department (EDD) does not currently have a Background Screening Policy for Employment Program Representatives (EPR). This would be a change in working conditions for our EPRs in Workforce Services Branch and EDD would need to meet and confer with the State Employees International Union Local 1000.

If you have questions, please contact Shirley Kemp at (661) 945-5037.

Sincerely,

MICHAEL DOLPHIN, Chief  
Los Angeles-Ventura Workforce Services Division

cc: Shirley Kemp, Field Office Manager, Lancaster, ARU 102  
Lili Galoussian, Deputy Division Chief, Region 914A